



Newsletter 2018

Welcome to this year's newsletter, keeping you up to date with your pension benefits and wider pensions news.

March 2019

In this issue

Inside this issue you can find the usual facts and figures summarising how the Goodyear Dunlop UK Limited Pension Plan (the 'Plan') has developed over the year. I am pleased to say that, as at 5 April 2018, the Plan was 108% funded on the ongoing measure the Trustee uses to monitor the Plan's funding level, and we continue to be on the lookout to improve this further.

On pages 3-5 you can find summary figures from the formal Plan accounts at 5 April 2018, including membership numbers, total cashflows paid in and out of the Plan, and the Plan's asset performance against the benchmark.

We also cover a selection of topical pension news items which you may find relevant, and on page 8 we include a useful article on financial advice, with tips on how to find an adviser and what questions to ask.

We have included a summary of some of the options available to you on retirement from the Plan on page 9, and summarised answers to some of the commonly asked questions on page 11.

In last year's newsletter we told you that the Trustee planned to carry out an Enhanced Transfer Value exercise. The intention of this exercise was to reduce the risks in the Plan and provide non-pensioner members an option of transferring their benefits out of the Plan with an enhancement.

The exercise was carried out over the months of April to September 2018, with around 3,400 members participating in this exercise. These members were also able to take advantage of free independent financial advice on their options.

Plans for the future

As part of our continuing review of the financial health of the Plan we are continually looking for other potential de-risking options. One of these options was outlined to you in our 2017 Newsletter where we stated that we were considering whether it would be affordable to secure all or a portion of the Plan's benefits with an insurance company, known as a 'buy-in'.

We noted that a buy-in would likely require significant additional Company contributions and that there was no expectation that the Company was able to

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pursue this in either the short term or long term. To date, there is no agreement reached which would enable such a “buy-in” but both the Company and the Trustee continue to engage with the aim of securing a buy-in in the future.

Brexit

Although the date that the UK is expected to leave the EU draws closer, Brexit uncertainty remains high. It is unclear at this stage whether the UK will leave the EU with a deal, whether Brexit could be delayed, or indeed whether the UK doesn't leave the EU at all.

As Trustee, we continue to manage the Plan to the highest of standards and have ensured that the Plan's investment strategy is well-positioned in light of the uncertainty of the Brexit outcome. The Plan's Liability Driven Investment holding (designed to help protect the Plan's financial position against adverse market movements in interest rates and inflation rates) protects the Plan against adverse market movements likely in a 'No Deal' scenario. The Plan's return-seeking bonds aim to provide positive absolute returns in all market environments and should not suffer materially as a result of any Brexit outcome.

I hope you find this latest issue interesting. If there are topics you would like us to cover in a future issue, please get in touch. The contact details are on page 10.

Gary Price

Chairman of the Trustee

GOODYEAR DUNLOP
UNITED KINGDOM AND IRELAND
PENSIONS

Summary Funding Statement

This section summarises the results of the valuation at 5 April 2017 and the funding update at 5 April 2018. These financial health checks are vital for monitoring the Plan's progress. We hope the information helps you to understand how the Plan is developing.

The latest position

The table below shows the funding position at 5 April 2017 and 5 April 2018.

| | Update | Valuation |
|--------------------------------|----------------------------|---------------------------|
| Date | 5 April 2018 | 5 April 2017 |
| The funding level | 108% | 105% |
| The funding target | £1,243 million | £1,321 million |
| The value of the Plan's assets | £1,343 million | £1,392 million |
| The overall position | Surplus of £100 million | Surplus of £71 million |

The latest update shows that the funding level has improved since the valuation at 5 April 2017.

The next financial check will be based on the Plan's position at 5 April 2019. We will report on the results once they are complete.

Reasons for the change

The funding level had increased from 105% at the valuation to 108% as at 5 April 2018. This is primarily to do with the following:

- The liabilities decreased, mainly because gilt yields rose and expectations for future inflation fell.
- The assets decreased, primarily due to the benefit payments out of the Plan over the year.

Summary Funding Statement

Financial support

As the Plan is in surplus, the Company is not required to pay any contributions, however the Company continues to provide financial support. For example, it currently pays:

- An annual levy to the Pension Protection Fund; and
- All administration and running expenses.

The next formal valuation will look at the Plan's position at 5 April 2020. This will include evaluating whether the level of contributions needs to change.

If the Plan came to an end

The Plan's funding level is worked out in two ways.

- The 'ongoing' basis, which assumes that the Plan will continue into the future.
- The 'full solvency' basis, which shows the funding position if the Plan started to 'wind up' at the date of the update. If this happened, all members' benefits would have to be secured without delay by buying insurance policies. This would be more expensive than paying benefits gradually over time so the full solvency position is generally lower than the ongoing position, even for fully funded pension plans.

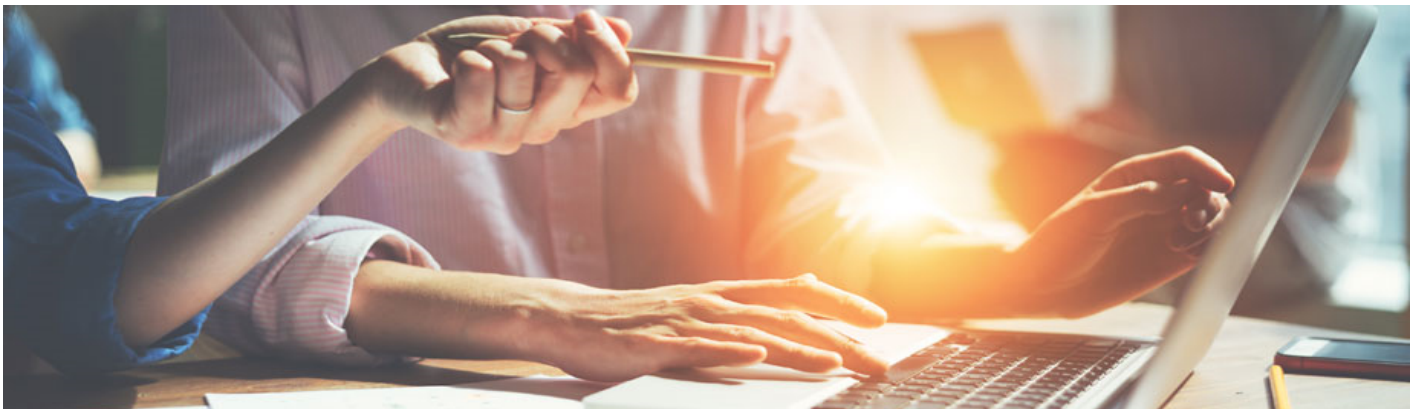
At 5 April 2017, the Plan's full solvency funding level was 80% with a shortfall of £339 million.

Please note that we are legally required to report the full solvency position as part of this funding statement. The Company has no current plans to end the Plan.

We must also tell you if there have been any payments to the Company out of Plan funds in the last 12 months. There have not been any such payments.

The Pensions Regulator

The Pensions Regulator is the UK watchdog of workplace pension schemes. It has the authority to change the way occupational pension schemes are run, though it has not needed to use its powers in this way for our Plan. You can find out more about the Regulator online at www.thepensionsregulator.gov.uk.



In numbers

The membership

At 5 April 2018 there were 9,994 members in the Plan compared with 10,228 members at the same date the previous year.

3,929

Deferred members - no longer building up benefits but have benefits in the Plan for when they retire.

6,065

Pensioner members - receiving benefits from the plan (including the dependants of members who have died)

9,994

Total number of members

The accounts

If you would like a copy of the Plan's Annual Report and Accounts for the year ending 5 April 2018, please get in touch using the contact details on page 10.

Investment update

As Trustee to the Plan, it is our responsibility to decide on the overall investment strategy, and to make changes as and when appropriate. We work closely with our investment advisers and we keep a close eye on how the funds are performing.

In the first quarter of 2018 we reviewed our investments and made the decision to move some of the Plan's assets from the higher-risk property and hedge fund holdings to lower-risk but more secure liability driven investments (LDIs). We also redeemed the total equity holding and invested the proceeds in return-seeking bonds.

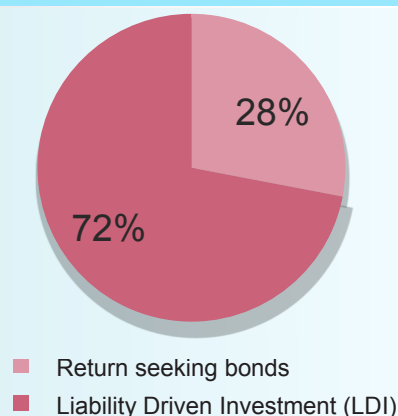
The aim is to remove risk and to help secure the Plan's funding position by investing in assets that move in the same way as the Plan's liabilities.

Asset allocation

At 5 April 2018, the Plan held assets of £1,343M compared with £1,392M at the same date the previous year.

The chart adjacent shows how the Plan's investments were allocated at 5 April 2018, across asset types.

The Liability Driven Investment (LDI) is designed to help protect the Plan's financial position against adverse market movements in interest rates and inflation rates.



Performance

The table below shows how the Plan's investments have performed compared with their agreed benchmarks. Each benchmark is an agreed indicator of how the fund is expected to perform bearing in mind economic and market expectations.

| | Over the year to 5 April 2018 | | Over three years (% per year) | |
|------|-------------------------------|-----------|-------------------------------|-----------|
| | Performance | Benchmark | Performance | Benchmark |
| Plan | 2.6% | 2.4% | 8.4% | 7.5% |

Overall Plan performance for the year to 5 April 2018 was 2.6% which exceeded the benchmark return of 2.4%.

Investment strategy

When setting the investment strategy, the Trustee needs to strike the right balance between (i) the expected investment return on Plan assets and (ii) the level of uncertainty around those expected investment returns. In order to achieve the right balance between (i) and (ii), the Trustee decided to invest in some of the more complex types of assets available.

We will continue to monitor performance and make any changes we feel are necessary.

GMP equalisation in the High Court

You may have seen in the news that there has been a High Court ruling regarding the equalisation of Guaranteed Minimum Pensions ("GMPs"). Set out below is a brief summary of how this complex issue may affect you.

Does this ruling affect me?

The judgment only applies to benefits built up between 17 May 1990 and 6 April 1997. Only members or their dependants with pensions built up over this period will be affected. The ruling potentially affects men and women, and both pensioners and members who have yet to draw their pension.

The Trustee and Company are working with their advisers to understand how this ruling affects the Plan. This judgment is complex, dealing with almost 30 years of uncertainty, and we want to get this right. There is also the possibility of an appeal, and the Government has said it intends to publish further guidance. The process will take time.

Once we know more, we will contact all affected members with details. In the meantime, we are conscious that there has been lots of coverage in the national press, not all of it accurate.

How much money am I going to get?

Contrary to much of the press coverage, we expect many individuals to see little or no increase in the value of benefits. There are a few reasons for this:

- GMP often only makes up a small part of an individual's pension and so the amounts involved in addressing any inequality are likely to be small.
- Many members will receive no increase as they have not been disadvantaged by the way their benefits have been treated.
- Many members won't have benefits built up within the Plan between 17 May 1990 and 6 April 1997.

Will I need to pay any of my pension back?

No. You will not have to pay back any pension that you have already received as a result of this ruling. Equalisation requires an improvement to the benefits of members who have been disadvantaged – not the other way around.

Why hasn't this already been dealt with?

The way that GMP works is set out in legislation and is very complicated. Over a number of years, the Government has made suggestions as to how the differences between males and females could be addressed, but it wasn't clear whether any action was required or whether the possible solutions would work from either a practical or legal perspective. This court case confirms action is required and gives clarity on what pension schemes can do to put things right going forwards.

Do I need to do anything to claim my benefits?

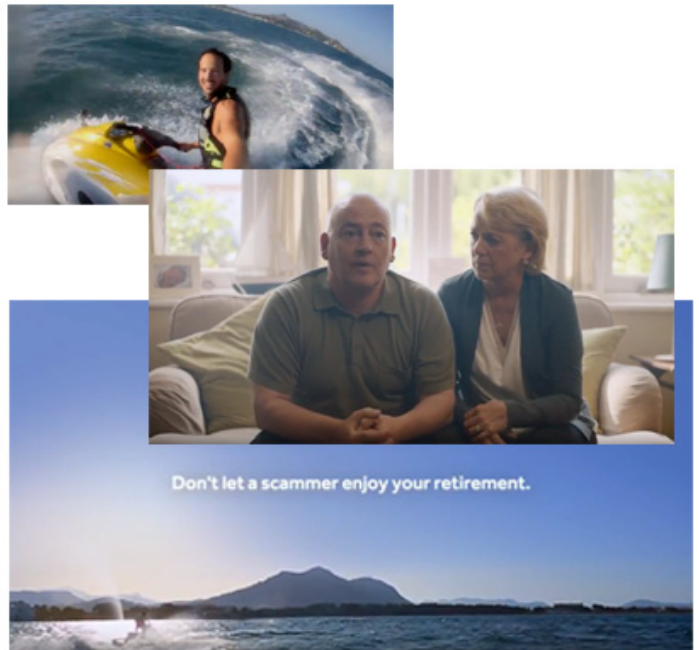
Not now. We are working with our advisers to identify if and how you are affected. Once we know more, we will get back to you and other members of the Plan with more information. It is the Trustee's job to make sure you get the benefits you are entitled to and we are working to make sure that this happens.

Protect yourself from pension fraud

The Pensions Regulator has recently joined forces with the Financial Conduct Authority in producing a TV advert to renew the awareness campaign. If you haven't yet seen it, you can watch it online at:

www.youtube.com/watch?v=NeFvYtCaykI

or search "Don't let a scammer enjoy your retirement" on YouTube.



The Government is also trying to help tackle the problem by banning cold calling in relation to pensions. It intends regulations to be laid and to come into effect as soon as possible.

Remember: only in cases of serious ill health (or if you have a protected pension age) are you able to access your savings before age 55.

If someone approaches you with an offer that sounds too good to be true, know what to look for and what your next steps should be.

If you have any doubts about the legitimacy of any offer you receive, speak to an expert before you sign up for anything.

For more information about pension scams and updated guidance on how you can keep your pension safe, visit the Pensions Regulator's website.

Go to www.thepensionsregulator.gov.uk/individuals/dangers-of-pension-scams

For free impartial guidance, phone the Pensions Advisory Service on **0800 011 3797** or visit their website at www.pensionsadvisoryservice.org.uk.

If you think you may be a victim of a pension scam, contact Action Fraud immediately. Phone **0300 123 2040** or go to their website and fill in an online fraud report.

www.actionfraud.police.uk/report_fraud

Please make use of these resources to help you keep your pension safe.

Financial advice

Before taking a transfer value, you may wish to seek advice from an Independent Financial Adviser (IFA), who can help you to understand your options. They will require some personal details surrounding your finances and health in order to provide you with the right advice. Indeed, if the transfer value of your pension benefits is more than £30,000 you **must** take IFA advice from an appropriately qualified and FCA-approved adviser before your transfer value can be paid from the Plan.

To help you choose a suitable IFA, we have set out some things to think about.

- 1) You should always be sure that they are appropriately qualified to provide pensions transfer advice. Only individuals qualified as a Pension Transfer Specialist can give advice on pension transfers. You should check the adviser has this qualification.
- 2) Consider the level and experience the adviser has. Look at the service they offer and think about how they will interact with you. Ask them how many transfers from 'defined benefit' pension plans they have advised on.
- 3) Are you clear on how the IFA will charge for their advice? It is important to make sure that the fees you pay are reasonable. Remember though, that for many people, their pension pot is the most valuable asset they have (even more than their home), so getting professional advice is important. You may want to ask the following questions before you take advice:
 - *"Can you confirm in pound terms, the fee you receive if I don't go ahead with the transfer, and the fee you receive if I do go ahead with the transfer?"*
 - *"Can you confirm if you will receive or request any ongoing supplementary fees after my transfer is made, and if so, what these are likely to be in pound terms?"*
- 4) Before proceeding with a transfer, it is important that you understand all of your options. There are likely to be a variety of options available to you if you transfer. For example, you could buy an annuity, take all your pension savings as a one-off cash sum, or choose to take income over a period of time. Your adviser should provide you with a written recommendation as to whether you should transfer, and if they think that you should do so, which option they recommend for you (along with details as to how they have reached their recommendation).

Taking advice

If you would like advice about your retirement plans, we recommend you speak with an independent financial adviser (IFA). You can find an adviser in your area by searching the Money Advice Service directory at <https://directory.moneyadviceservice.org.uk/en>.

Before you appoint anyone, you should check that the adviser is suitably qualified and authorised.

You can do this online at <https://register.fca.org.uk> or by phoning the Financial Conduct Authority helpline, **0800 111 6768**.

21st century Trustees

The Pensions Regulator is carrying out a campaign to make clear what their expectations are on those responsible for managing a pension plan effectively. It is designed to drive up governance standards by being clearer and more directive about the standards it expects of trustees and the action it will take if they do not meet these standards. The Trustee takes the governance of the Plan very seriously and we are reviewing our governance processes to ensure that they remain fit for the 21st century.

The Pensions Ombudsman

Until recently, the second port of call for free and impartial guidance, including resolving complaints, was the Pensions Advisory Service (TPAS) before Pensions Ombudsman involvement.

Earlier in the year, TPAS transferred its dispute resolution role in the process to the Pensions Ombudsman. This means that all formal disputes that we are not able to deal with within the Plan are now dealt with in one place, making the process more efficient for everyone concerned.

To find out more about the Pensions Ombudsman, go to www.pensions-ombudsman.org.uk.

Retirement options

What are your options at retirement?

When you retire from the Plan there are a number of options available to you apart from the standard option of taking a pension for life. This article sets out some of the main options available to you when you reach retirement age, which for most members is age 65, but for some members it is 60. You may also have the option to take early or late retirement.

We will be in touch close to your retirement date but it's never too early to start thinking about your options. The decisions you make at retirement affect the amount of income you receive for the rest of your life and so you may want discuss with your loved ones and consider getting independent financial advice.

➤ Swapping some of your pension for tax free cash at retirement

The Plan allows you to swap some of your pension for a tax-free cash lump sum at retirement. You can swap up to one quarter of the value of your pension for a tax-free cash lump sum at retirement. The larger the tax-free cash lump sum you take, the smaller your annual residual pension income will be. You can choose to take no cash at all, meaning that you'll get the maximum monthly pension from the Plan.

➤ Transferring your benefit to another pension scheme

Before we start paying your pension you have the option of transferring the full value of your pension benefit to another pension provider. You might decide that the options available to you in the Plan don't suit your needs and transferring may give you more flexibility.

Following changes to pensions legislation in 2015, if you are retiring from a defined contribution scheme then you have access to flexibilities over how to take your pension at retirement. This may involve purchasing an annuity or you could take smaller cash lump sums throughout your lifetime. Transferring out of the Plan into an eligible defined contribution arrangement will give you access to these flexibilities.

We are able to provide you with a Cash Equivalent Transfer Value quote which is what your pension would be worth if you were to transfer your pension to another arrangement. It is important that you consider all options available to you before proceeding with a transfer.

Please note that transferring your benefits out of the Plan is a big decision and you should seek independent financial advice before taking up this option. If your Cash Equivalent Transfer Value is greater than £30,000 you have to take independent financial advice.

➤ Taking all your pension as a lump sum

If you only have a small amount of service in the Plan then you may be entitled to receive your entire pension as a cash lump sum. The value of your pension must be less than £30,000 in order for you to qualify. We will highlight this to you if you are eligible when you are approaching retirement

➤ Tax on your pension

Please be aware of any tax issues which may affect your pension at retirement. Just like normal income, you may have to pay tax on any pension income.

➤ Early / Late retirement

You may also have the option to take early or late retirement. If you would like to explore this option, please contact the administration team.

Advice

This is an important decision and you should seek independent financial advice to discuss which option is appropriate for you, based on your personal circumstances.

Decisions at retirement can be complex. The article on page 6 includes useful information such as where to find an independent financial adviser. You will have to pay for this advice.

Defined Contribution (DC)

This is where you and/or your employer pay into a pension fund and the eventual benefits you will receive depends on, for example, what investment returns your savings receive prior to retirement.

If you made Additional Voluntary Contributions (AVCs) whilst an active member of the Plan, these are on a DC basis.

You may also be a member of the Goodyear Dunlop DC Scheme.

More information

To find out more about the Plan, please use the contact details below.

For more general information on pensions and saving for retirement, the following websites are useful resources.

www.moneyadviceservice.org.uk

The Money Advice Service provides general advice on all money matters including pensions and finding an independent financial adviser.

www.gov.uk

The Government's website features a section 'Working, jobs and pensions', which includes a State Pension Age calculator.

www.pensionwise.gov.uk

The Government's guidance website explains the flexible DC retirement options.

If you have a concern about your benefits, contact the Early Resolution Team through one of the following means:

- Go to www.pensions-ombudsman.org.uk/our-service/make-a-complaint
- Phone: **0800 917 4487** and select the option to discuss a potential complaint
- Email: helpline@pensions-ombudsman.org.uk

Contact point

Please use any of the methods below to get in touch with the Administration team.

Email: GoodyearDunlop.pensions@aon.com

Phone: 0330 123 9083
(lines are open Monday to Friday, 9am to 5pm)

Write to: Goodyear Dunlop UK Limited Pension Plan, Aon,
PO Box 196, Huddersfield, HD8 1EG

Reminder to keep us up to date

Please let us know if you change your name or address so we can continue to contact you about the Plan and your benefits.

Please also update your Expression of Wishes form if you need to. This tells us whom you would like to receive any lump sum benefits that become payable in the event of your death. As the Trustee, we have the final say over who receives the benefits, but we will consider your Expression of Wishes form, so if you have never filled one in, or you have not done so recently, particularly if your circumstances have changed, please complete a form and send it to us.

Please use the contact details provided to request a blank form.

Behind the scenes

As Trustees, we maintain up-to-date knowledge of pensions, investments and finance. We also attend training courses as and when necessary, for example, when pensions legislation changes. We meet regularly throughout the year to discuss how the Plan is progressing.

There have been some changes to the Trustee Board during the year and the current Trustee Directors on the Board are listed below. The Board is made up of Company-appointed Trustee Directors and member-nominated Trustee Directors.

| Company-appointed | Member-nominated |
|--|------------------|
| G Price (Chair) | T Cox |
| I Charles (resigned 16 April 2018) | D Roper |
| M Wynn | |
| P Harper (resigned 14 May 2018) | |
| P Pearce | |
| S Anyan (Capital Cranfield Pension Trustees Limited) | |

We also appoint professionals to support us on areas of particular expertise.

| | |
|--------------------------------|-------------------------------|
| Administrator | Aon |
| Actuary | Paul Crocker, FIA, Aon |
| Auditor | Edwards Chartered Accountants |
| Investment Adviser | Aon |
| Legal Adviser | Eversheds Sutherland |
| Trustee-elected representative | Colin Bozier |

Common questions

Where can I find out information on my pension amount when I retire?

Please contact our Administration team using the details on page 8 to request a quotation. A few months before you retire we will write to you to confirm your final pension amounts.

Who will receive my pension benefits after I die?

You can nominate someone to receive your benefits after you die. Please contact our Administration team using the details on page 8 to request a blank Expression of Wishes form. If you are already receiving a pension and wish to change your death benefit nominee please call our Administration team on 0330 123 9083.

How do I inform you of a death?

Please call our Administration team as soon as you are able. We understand that these moments can be difficult but any payments we make after a member has died will need to be reclaimed by us.

There's been a change in my personal circumstances. How do I let you know?

If any of your details, such as address or marital status, change then please contact our Administration team.

I've heard a lot in the press about pension scams. How can I tell if someone is trying to scam me?

Pension scams are around now more than ever, with companies tempting individuals with cash in exchange for moving their pensions.

Please be wary of any cold calls or mailings which may appear legitimate asking you to move your pension. Also watch out for people at your door offering free pension reviews. Once you move your pension it will be too late so please check all details carefully.

Our article on page 5 includes links to information about pension scams as well as what to do if you think you have been a victim of pension's fraud.

We advise that you use an independent financial adviser if you want to move your pension. Any cold calls, mailings or messages you receive may appear legitimate but please be wary of someone who approaches you with an offer that sounds too good to be true.

What to expect before retirement

A few months before you retire we will contact you with a final statement and information on your options.

Decisions you make at retirement are very important and you should seek independent financial advice.

What to expect after retirement

We pay pensions on the 1st or 15th day of each month depending on which section of the Plan you are in. When this falls at a weekend or bank holiday we bring payments forward to the working day before.

Your pension may increase each year. Standard increases are applied in April and we will inform you of these increases each year.

Privacy notice

The Trustee holds some personal information which we need in order to administer the Plan. Without your personal information, we cannot provide you and your dependants with the correct benefits at the right time. This will include personal information about you, such as your name and contact details, information about your pension contributions, age of retirement, and in some limited circumstances information about your health (where this impacts your retirement age). The purposes for which your personal information will be used include management of the pension scheme and your membership within it, to calculate and pay benefits, funding the pension Plan (i.e. helping to ensure that the funds within the pension Plan are sufficient to cover the members who are party to it), liability management (that is to say providing advice on the different ways benefits could be determined, and drawn, from the pension scheme), scheme actuary duties (which include assessing individuals who are members of the pension scheme and assessing how the make-up of the membership may affect the amounts payable and when they become payable so as to manage the pension Plan appropriately), regulatory compliance, process and service improvement and benchmarking.

We may pass your personal information to third parties such as advisers and benefits providers, insurers and to certain regulatory bodies where legally required to do so. Depending on the circumstances, this may involve a transfer of data outside the UK and the European Economic Area to countries that have less robust data protection laws. Any such transfer will be made with appropriate safeguards in place.

More detail about our use of your personal information is set out in our full Privacy Notice which has previously been sent to you. If you need a further copy, please contact us using the contact details on page 8.

